

106TH CONGRESS  
1ST SESSION

# H. R. 3504

To amend the Bank Holding Company Act of 1956, the Revised Statutes of the United States, the Community Reinvestment Act of 1977, and the Gramm-Leach-Bliley Act with regard to community reinvestment, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 18, 1999

Ms. WATERS (for herself, Mr. CLYBURN, Mr. TOWNS, Mr. MARKEY, Mr. CONYERS, Mrs. MEEK of Florida, Mr. FRANK of Massachusetts, Ms. BROWN of Florida, Ms. LEE, Mr. SANDERS, Mr. PAYNE, Mr. CAPUANO, Mrs. MALONEY of New York, Ms. MILLENDER-McDONALD, Ms. JACKSON-LEE of Texas, Mr. MEEKS of New York, and Mrs. JONES of Ohio) introduced the following bill; which was referred to the Committee on Banking and Financial Services

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## A BILL

To amend the Bank Holding Company Act of 1956, the Revised Statutes of the United States, the Community Reinvestment Act of 1977, and the Gramm-Leach-Bliley Act with regard to community reinvestment, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “CRA Restoration Act  
5       of 1999”.

1 **SEC. 2. COMMUNITY REINVESTMENT AMENDMENTS.**

2 (a) FINANCIAL HOLDING COMPANIES.—

3 (1) IN GENERAL.—Section 4(l)(1) of the Bank  
 4 Holding Company Act of 1956 (12 U.S.C.  
 5 1843(l)(1)), as added by the Gramm-Leach-Bliley  
 6 Act, is amended—

7 (A) by striking “and” at the end of sub-  
 8 paragraph (B);

9 (B) by redesignating subparagraph (C) as  
 10 subparagraph (D);

11 (C) by inserting after subparagraph (B)  
 12 the following new subparagraph:

13 “(C) All of the subsidiary depository insti-  
 14 tutions of the bank holding company have  
 15 achieved a rating of ‘satisfactory record of  
 16 meeting community credit needs’, or better, at  
 17 the most recent examination of each such insti-  
 18 tution; and”; and

19 (D) in subparagraph (D) (as so redesign-  
 20 ated by subparagraph (B) of this paragraph),  
 21 by striking “and (B)” and inserting “, (B), and  
 22 (C)”.  
 23

24 (2) TECHNICAL AND CONFORMING AMEND-  
 25 MENTS.—

26 (A) Section 4(l)(2) of the Bank Holding  
 Company Act of 1956 (12 U.S.C. 1843(l)(2))

1 (as added by the Gramm-Leach-Bliley Act) is  
2 amended to read as follows:

3 “(2) LIMITED EXCLUSIONS FROM COMMUNITY  
4 NEEDS REQUIREMENTS FOR NEWLY ACQUIRED DE-  
5 POSITORY INSTITUTIONS.—Any depository institu-  
6 tion acquired by a bank holding company during the  
7 12-month period preceding the submission of a no-  
8 tice under paragraph (1)(D) and any depository in-  
9 stitution acquired after the submission of such no-  
10 tice may be excluded for purposes of paragraph  
11 (1)(C) during the 12-month period beginning on the  
12 date of such acquisition if—

13 “(A) the bank holding company has sub-  
14 mitted an affirmative plan to the appropriate  
15 Federal banking agency to take such action as  
16 may be necessary in order for such institution  
17 to achieve a rating of ‘satisfactory record of  
18 meeting community credit needs’, or better, at  
19 the next examination of the institution; and

20 “(B) the plan has been accepted by such  
21 agency.”.

22 (B) Section 4(m) of the Bank Holding  
23 Company Act of 1956 (12 U.S.C. 1843(m)), as  
24 added by the Gramm-Leach-Bliley Act, is

1           amended by striking paragraphs (3) and (4)  
2           and inserting the following new paragraphs:

3           “(3) AUTHORITY TO IMPOSE LIMITATIONS.—

4           Until the conditions described in a notice to a finan-  
5           cial holding company under paragraph (1) are  
6           corrected—

7                   “(A) the Board may impose such limita-  
8                   tions on the conduct or activities of the com-  
9                   pany or any affiliate of the company as the  
10                  Board determines to be appropriate under the  
11                  circumstances; and

12                  “(B) the appropriate Federal banking  
13                  agency may impose such limitations on the con-  
14                  duct or activities of an affiliated depository in-  
15                  stitution or subsidiary of a depository institu-  
16                  tion as the appropriate Federal banking agency  
17                  determines to be appropriate under the cir-  
18                  cumstances.

19           “(4) FAILURE TO CORRECT.—If, after receiving  
20           a notice under paragraph (1), a financial holding  
21           company does not—

22                   “(A) execute and implement an agreement  
23                   in accordance with paragraph (2);

24                   “(B) comply with any limitations imposed  
25                   under paragraph (3);

1           “(C) in the case of a notice of failure to  
2           comply with subsection (l)(1)(A), restore each  
3           depository institution subsidiary to well capital-  
4           ized status before the end of the 180-day period  
5           beginning on the date such notice is received by  
6           the company (or such other period permitted by  
7           the Board); or

8           “(D) in the case of a notice of failure to  
9           comply with subparagraph (B) or (C) of sub-  
10          section (l)(1), restore compliance with any such  
11          subparagraph by the date the next examination  
12          of the depository institution subsidiary is com-  
13          pleted or by the end of such other period as the  
14          Board determines to be appropriate,

15       the Board may require such company, under such  
16       terms and conditions as may be imposed by the  
17       Board and subject to such extension of time as may  
18       be granted in the Board’s discretion, to divest con-  
19       trol of any depository institution subsidiary or, at  
20       the election of the financial holding company, in-  
21       stead to cease to engage in any activity conducted by  
22       such company or its subsidiaries pursuant to this  
23       section.”.

24               (C) Section 5(a) of the Bank Holding  
25       Company Act of 1956 (12 U.S.C. 1844(a)), as

1 amended by the Gramm-Leach-Bliley Act, is  
 2 amended by striking “4(l)(1)(C)” and inserting  
 3 “4(l)(1)(D)”.

4 (D) Section 8(c) of the International  
 5 Banking Act of 1978 (12 U.S.C. 3106(c)), as  
 6 amended by the Gramm-Leach-Bliley Act, is  
 7 amended by striking “4(l)(1)(C)” and inserting  
 8 “4(l)(1)(D)”.

9 (E) Section 804 of the Community Rein-  
 10 vestment Act of 1977 (12 U.S.C. 2903) is  
 11 amended by striking subsection (c), as added by  
 12 the Gramm-Leach-Bliley Act.

13 (b) FINANCIAL SUBSIDIARIES.—

14 (1) IN GENERAL.—Section 5136A(a)(2)(C) of  
 15 the Revised Statutes of the United States (as added  
 16 by the Gramm-Leach-Bliley Act) is amended to read  
 17 as follows:

18 “(C) the national bank and each insured  
 19 depository institution affiliate of the national  
 20 bank—

21 “(i) are well capitalized;

22 “(ii) are well managed: and

23 “(iii) have achieved a rating of ‘satis-  
 24 factory record of meeting community credit

1 needs', or better, at the most recent exam-  
 2 ination of each such bank or institution;".

3 (2) TECHNICAL AND CONFORMING AMEND-  
 4 MENT.—Section 5136A(a) of the Revised Statutes of  
 5 the United States (as added by the Gramm-Leach-  
 6 Bliley Act) is amended by adding at the end the fol-  
 7 lowing new paragraph:

8 “(8) LIMITED EXCLUSIONS FROM COMMUNITY  
 9 NEEDS REQUIREMENTS FOR NEWLY AFFILIATED DE-  
 10 POSITORY INSTITUTIONS.—Any depository institu-  
 11 tion which becomes an affiliate of a national bank  
 12 during the 12-month period preceding the date of an  
 13 approval by the Comptroller of the Currency under  
 14 paragraph (1)(F) for such bank, and any depository  
 15 institution which becomes an affiliate of the national  
 16 bank after such date, may be excluded for purposes  
 17 of paragraph (1)(C)(iii) during the 12-month period  
 18 beginning on the date of such affiliation if—

19 “(A) the national bank or such depository  
 20 institution has submitted an affirmative plan to  
 21 the appropriate Federal banking agency to take  
 22 such action as may be necessary in order for  
 23 such institution to achieve a rating of ‘satisfac-  
 24 tory record of meeting community credit needs’,

1           or better, at the next examination of the insti-  
2           tution; and

3                   “(B) the plan has been accepted by such  
4           agency.”.

5           (c) REPEAL OF CRA SUNSHINE REQUIREMENT.—  
6   The Federal Deposit Insurance Act (12 U.S.C. 1811 et  
7   seq.) is amended by striking section 48 (as added by the  
8   Gramm-Leach-Bliley Act).

9           (d) REPEAL OF SMALL BANK STRETCH-OUT.—The  
10   Community Reinvestment Act of 1977 (12 U.S.C. 2901  
11   et seq.) is amended by striking section 809 (as added by  
12   the Gramm-Leach-Bliley Act).

13          (e) GRAMM-LEACH-BLILEY ACT.—The Gramm-  
14   Leach-Bliley Act is amended by striking sections 713,  
15   714, and 715.

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